

KENTUCKY INTEGRATED PROJECT PRIORITY RANKING SYSTEM

For Wastewater, Stormwater and Non-point Source Projects
Eligible To Be Funded By The

KENTUCKY CLEAN WATER STATE REVOLVING FUND

August 2006



**ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
Department for Environmental Protection
Division of Water**

14 Reilly Road
Frankfort, Kentucky 40601
Phone: (502) 564-3410
Fax: (502) 564-0111
www.water.ky.gov

Table of Contents

I.	Introduction	1
II.	Identifying and Ranking Water Quality Priorities	2
	A. Compliance with the Clean Water Act and KRS Chapter 224.....	2
	B. Impact On Existing Drinking Water Supplies	4
	C. Outstanding Resource Waters.....	4
	D. Populations To Be Served That Presently Do Not Have Sewers Available	5
III.	Summary of Points System Used to Establish Project Priority Ranking	5
IV.	Developing and Updating the Integrated Project Priority List	5
V.	Eligible Project Applicants	6
VI.	Selecting Projects for Funding	6
VII.	References	6
VIII.	Kentucky Division of Water State Priority Watersheds	7

I. Introduction

The Federal Water Pollution Control Act of 1956 provided a strong role for the federal government in the construction of publicly owned wastewater treatment works. The amendments enacted in 1972, commonly referred to as the Clean Water Act (CWA), expanded the level of federal aid and increased the federal grant share in an effort by Congress to speed up the pace of construction of wastewater treatment facilities and eliminate the backlog of needed facilities. The 1977 Amendments to the Clean Water Act directed the Environmental Protection Agency (EPA) to delegate most of its construction grants management functions to the states. EPA continued to provide funds for grants to local governments to construct wastewater treatment facilities through federal fiscal year (FFY) 1990. The Water Quality Act of 1987, which amended the CWA, authorized EPA to make capitalization grants to each state for the purpose of establishing a water pollution control revolving fund for providing financial assistance for projects that protect and restore water quality, including publicly owned treatment works (POTW's), non-point source pollution control and estuary management. EPA made capitalization grants beginning in FFY 1987; however, when federal funding ends, the Clean Water State Revolving Fund (CWSRF) is to be maintained in perpetuity by the state to replace the previous federal participation.

The Kentucky General Assembly enacted House Bill 217 during the 1988 legislative session, which established the CWSRF as an enduring and viable fund. This fund is intended to allow the Commonwealth of Kentucky to qualify for the federal CWSRF capitalization grants. The CWA requires in section 602 a state match to be deposited into the CWSRF of an amount equal to at least 20 percent of the total amount of all capitalization grants which will be made to the State.

States which have adequately addressed their point source sewage treatment facility needs may use funds from their CWSRF to address Non-point Source (NPS) pollution by providing assistance for the implementation of EPA approved State Nonpoint Source Management Programs as required under Section 319 of the 1987 Water Pollution Control Act amendments. The *Kentucky Nonpoint Source Assessment Report* (Kentucky Division of Water, March 1999) was developed and first approved by the EPA in 1988. The *Kentucky Nonpoint Source Management Program - 2.0* (Kentucky Division of Water, 2002) lists specific activities for controlling the nonpoint source pollution impacts identified in the NPS Assessment Report and identifies responsible implementing agencies and potential/available funding sources.

The purpose of this document is to outline the Division of Water's (DOW) project selection and ranking criteria which shall be used to establish project priority ranking in the annual CWSRF Intended Use Plan (IUP). This document, entitled the *Integrated Project Priority Ranking System (IPPRS)*, complies with EPA's *Integrated Planning and Priority Setting in the Clean Water State Revolving Fund* guidance (EPA-832-R-01-002 March 2001), which states, "An integrated planning and priority setting system is effective if it ensures that CWSRF-funded projects address high priority water quality problems. Four actions are key to its success: identifying water quality priorities, assessing the CWSRF role, undertaking outreach efforts, and selecting priority projects."

DOW is committed to reassessing the Integrated Project Priority Ranking Criteria and Points System upon the completion of the initial review and ranking process and development of the 2007 Integrated Project Priority List. Modifications may be made to the criteria and points system if it is determined that this process does not meet EPA's guidance for utilizing the CWSRF to address the high priority water quality problems.

II. Identifying and Ranking Water Quality Priorities

According to the March 2001 EPA IPPS guidance:

“Water quality priorities provide a context for the activities of the CWSRF program. CWSRF resources should address these priorities in the most efficient manner possible. State water quality priorities also provide a valuable standard against which a state can measure the success of its water quality programs, i.e., has the state used its resources to address its highest water quality priorities?”

A state’s water quality program should be the CWSRF’s major resource in identifying the state’s water quality priorities. A water quality program has typically developed its understanding of the state’s priorities by considering water quality information from many sources. Familiarity with these sources of water quality information is also useful to the CWSRF during the development of project ranking systems.”

DOW operates several water quality programs that have been used to identify criteria for ranking projects in the context of CWSRF funding priority. As required in 200 KAR 17:050, the cabinet shall determine the priority for funding eligible projects to be included on the Integrated Project Priority List based on criteria established pursuant to 33 U.S.C. 1296, which states that projects should be designed to achieve optimum water quality management consistent with public health and water quality goals, and the following:

A. Compliance with the CWA and KRS Chapter 224

Criterion #1: Is the project necessary to achieve full or partial compliance with a court order, or a judicial or administrative consent decree?

A project receives 100 points if it is necessary for achieving full or partial compliance with a court order, or a judicial or administrative consent decree. The applicant does not need to be a party to the court order, or a judicial or administrative consent decree.

Criterion #2: Does the project promote compliance with the CWA and KRS Chapter 224 in the following areas?

A project receives 40 points if it answers “Yes” to one of the following questions and an additional 10 points for each additional positive response:

- Will the project implement an approved Total Maximum Daily Load (TMDL) for impaired waterbodies?
- Is the point source project for treating or eliminating a combined sewer overflow?
- Does the nonpoint source project conform with the goals and objectives outlined in the Kentucky NPS management program and include appropriate water quality Best Management Practices (BMP)?
- Is the project for complying with stricter discharge limits as a result of revised wasteload allocations?
- Is the project for correcting inflow or infiltration problems that are causing sewer overflows and treatment problems?
- Is the project for rehabilitating or replacing equipment to comply, or ensure continued compliance, with existing permit limits?
- Is the project for complying with a National Pollutant Discharge Elimination System Phase I or II stormwater permit?
- Is the project for eliminating one or more straight pipes or failing onsite systems in populations to be served that presently do not have sewer systems available?
- Will the project implement any part of an approved Watershed Plan?

All surface waters in Kentucky are assessed based on a five-year, rotating watershed basin cycle. Assessment data and narrative explanations are compiled into the biennial 305(b) Report to Congress.

Section 303(d) of the CWA requires each state to list those waters within its boundaries for which technology based effluent limitations are not stringent enough to protect any water quality standard applicable to such waters. The 303(d) List of Waters identifies all waters assessed as "impaired" for one or more pollutants, and are therefore waters not "meeting the water quality standard." Listed waters are prioritized with respect to designated use classifications and the severity of pollution.

Kentucky is required to develop TMDLs for those water bodies that are not meeting water quality standards. The TMDL process establishes the allowable loadings of pollutants or other quantifiable parameters for a waterbody based on the relationship between point and nonpoint pollution sources and in-stream water quality conditions.

The next four questions consider whether a project makes reasonable progress towards achieving water quality standards, eliminating impairments of Kentucky's waterbodies and correcting existing public health problems. Click on link to learn about the condition of your watershed and get the watershed ID-Hydrologic Unit Code (HUC). <http://www.watersheds.ky.gov/>

Criterion #3: Will the project make reasonable progress towards eliminating identified pollutant sources for waterbodies that appear on the 305(b) report or 303(d) list?

This question addresses the state's goal to improve water quality in impaired waterbodies. The 305(b) Report and 303(d) List are available on DOW's website. www.water.ky.gov The reports list the impaired waterbodies with the pollutants of concern and probable sources of the pollutants. Include on the Questionnaire only the impairments that will be addressed by the project. The project will receive 20 points for each pollutant water-body combination it will address. [HTTP://WWW.WATERSHEDS.KY.GOV/HOMEPAGE_REPOSITORY/WHAT+IS+THE+CONDITION+OF+YOUR+STREAM+OR+LAKE.HTM](http://www.watersheds.ky.gov/homepage_repository/what+is+the+condition+of+your+stream+or+lake.htm)

Criterion #4: Will the project make reasonable progress towards eliminating identified pollutant sources of water quality impairments within an identified Priority Watershed?

The Division of Water has developed a list of state priority watersheds at the HUC11 level. List each watershed on the Questionnaire Form that is located in the project area and indicate if the watershed is on this list. The project will receive 20 points if a priority watershed is located in the project area. ***Please refer to the attached list of Kentucky Division of Water State Priority Watersheds.***

Criterion #5: Will the project correct a public health or water quality problem as documented by applicant, for waterbodies that have not been monitored and assessed?

Waterbody segments that have been monitored and assessed are included in the 305(b) and 303(d) reports. However, not all waterbody segments have been monitored and assessed by the state. The water quality in private wells or cisterns used for drinking water is not regulated by the state or EPA. The project will receive 10 points if the applicant can document a public health or water problem in a non-assessed waterbody segment or in private wells, and demonstrate that the project will help correct the problem. Before it is deemed valid, the quality of the data provided to support the existence of a public health or water quality problem should be verified using the DOW quality assurance and quality control procedures.

Criterion #6: Does the project eliminate existing or potential sources of pollution in

sensitive groundwater areas?

This question considers the importance of groundwater as one of Kentucky's vital resources as a source of drinking water, a source for industrial and agricultural use, and the source of sustained base flow in most streams. Groundwater is classified across the state from lowest to highest sensitivity. The project will receive 10 points if it eliminates existing or potential sources of groundwater contamination within a high sensitivity groundwater area. The project will receive 5 points if it eliminates existing or potential sources of groundwater contamination within a moderate sensitivity groundwater.

<http://kygeonet.ky.gov/kywaterquality/viewer.htm> or <http://kygeonet.ky.gov/metadataexplorer/>

B. Impact on Existing Drinking Water Supplies

Each public water supply (PWS) must develop a Source Water Assessment and Protection Plan (SWAPP) which delineates its drinking water source protection area, called SWAPP zones or Wellhead Protection Areas (WHPA), and inventories known and potential sources of contamination within those areas.

Criterion #7: Is the project located within an identified SWAPP zone or WHPA?

The project will receive ten (10) points for each SWAPP or WHPA Zone 1, seven (7) points for each SWAPP or WHPA Zone 2, and three (3) points for each SWAPP or WHPA Zone 3 in which the project is located.

[HTTP://MAP.NR.STATE.KY.US/WEBSITE/WATERSHEDSZ/VIEWER.HTM](http://MAP.NR.STATE.KY.US/WEBSITE/WATERSHEDSZ/VIEWER.HTM)

Criterion #8: Will the project address a contaminant source that is causing or may cause a drinking water source to use higher-than-conventional treatment?

A contaminant source that affects a public drinking water supply may cause the PWS to have compliance problems and/or trigger the PWS to use higher-than-conventional treatment. Points may be awarded to a project that will address a pollutant source located within a SWAPP zone or WHPA (whether it is included in the SWAPP inventory or not), or the applicant must demonstrate a connection to a public drinking water supply source for contaminant sources not located within SWAPP zones or WHPAs, using the following criteria:

1. Whether the pollutant is readily treatable by conventional treatment methods, and
2. Whether the pollutant currently contributes to a compliance problem or may contribute to a compliance problem.

Points may be awarded for each pollutant that meets these criteria as follows:

Level of Treatment	Pollutant is causing compliance problems	Pollutant is NOT causing compliance problems
Pollutant is treatable by conventional methods	10	5
Pollutant is NOT treatable by conventional methods	15	10

C. Outstanding Resource Waters

Criterion #9: Will the project have a positive effect on Special Use Waters?

This question considers the importance of protecting pristine waters. Special Use Waters are rivers, streams and lakes listed in Kentucky Administrative Regulations as Cold Water Aquatic Habitat (401 KAR 5:031 Section 4), Exceptional Waters (401 KAR 5:030 Section 1), Reference Reach Waters (401 KAR 5:030 Section 1), Outstanding State

Resource Waters (401 KAR 5:031 Section 7), Outstanding National Resource Waters (401 KAR 5:030 Section 1), State Wild Rivers (Kentucky Wild Rivers Act of 1972), and Federal Wild and Scenic Rivers (Wild and Scenic Rivers Act, PL 90-542). The project will receive 5 points if the applicant can demonstrate that the project will benefit one or more of these waters. <http://www.water.ky.gov/sw/specialwaters/>

D. Populations to Be Served That Presently Do Not Have Sewers Available

Criterion #2 under section A above addresses this criteria and provides for points to be awarded for projects that will serve a population that presently does not have sewers available.

III. Summary of Points System Used to Establish Project Priority Ranking

The following table summarizes the numerical ranking system for prioritizing potential CWSRF projects:

#	Priority Ranking Criteria	Possible Points
1	Is the project necessary to achieve full or partial compliance with a court order, or a judicial or administrative consent decree?	100 points
2	Does the project promote compliance with the CWA and KRS Chapter 224?	40 points plus 10 for each additional priority
3	Will the project make reasonable progress towards eliminating identified pollutant sources for waterbodies that appear on the 305(b) report or 303(d) list?	20 points for each pollutant-waterbody combination
4	Will the project make reasonable progress towards eliminating identified pollutant sources of water quality impairments within an identified Priority Watershed?	20 points
5	Will the project correct a public health or water quality problem as documented by applicant, for waterbodies that have not been monitored and assessed?	10 points
6	Does the project eliminate existing or potential sources of pollution in groundwater sensitivity areas?	10 points for high or highest sensitivity 5 points for moderate sensitivity
7	Is the project located within an identified SWAPP zone or WHPA?	10 for each Zone 1 7 for each Zone 2 3 for each Zone 3
8	Will the project address a contaminant source that is causing or may cause a drinking water supply to use higher-than-conventional treatment?	5-15 points for each contaminant source
9	Will the project have a positive effect on Special Use Waters?	5 points

IV. Developing and Updating the Integrated Project Priority List

In order for a project to be considered for funding from the CWSRF, it must appear on the Integrated Project Priority List. To be included in this list, an eligible project applicant must

complete a *KY CWSRF Project Questionnaire Form*. A copy of the questionnaire may be found on DOW's website. www.water.ky.gov/publicassistance/funding/CWSRF/

A project applicant must submit a completed *KY CWSRF Project Questionnaire Form* to DOW no later than September 8, 2006. Once the questionnaire is received, DOW staff will evaluate the project based on the ranking system discussed above and assign the project a numeric score. The project will then be added to the Integrated Project Priority List. DOW will publish and maintain the Integrated Project Priority List on its website. www.water.ky.gov/publicassistance/funding/CWSRF/ Those projects with the same numerical score will be ranked based on the date the completed *KY CWSRF Project Questionnaire Form* is received.

V. Eligible Project Applicants

Any governmental agency shall be eligible to apply for financial assistance for planning, design and construction of eligible projects.

VI. Selecting Projects for Funding

DOW and the Kentucky Infrastructure Authority (KIA) will prepare an annual Intended Use Plan (IUP) that will describe how the state intends to use the funds in the Kentucky CWSRF for the 2007 state fiscal year, and how those uses support the objectives of the CWA. The IUP will include a list of projects selected from the Integrated Project Priority List for funding during the 2007 state fiscal year. Once the IUP has been drafted, notice will be given to the public that the draft IUP is available for review and comment for a period of at least 30 days. Once the comment period has ended DOW and KIA will review any comments received and make changes to the IUP as appropriate. Both the draft and final IUPs will be available on DOW's website. www.water.ky.gov/publicassistance/funding/CWSRF/

If the project is only for accomodating future growth and will not address an existing water quality or public health need, and therefore does not receive any points from the above criteria, the project will be still included on the Integrated Project Priority List if it is eligible for CWSRF funding.

Although developing and maintaining a priority list is required by the CWA, the states are not required to select the highest ranked projects in any given year for funding. Therefore, Kentucky will continue to fund projects on a "first come, first served" basis, making readiness to proceed a significant funding factor. However, at such time as demand for funding for projects ready to proceed exceeds the loan funds available in the CWSRF, project ranking on the Integrated Project Priority List will take priority over readiness to proceed. Other factors may also be considered for selecting projects when demand exceeds the funds available. Such factors will be explained in the annual IUP.

VII. References

2004 Kentucky Report to Congress on Water Quality, April 2004

2004 303(d) List of Waters for Kentucky, September 2005

Integrated Planning and Priority Setting in the Clean Water State Revolving Fund (EPA-832-R-01-002), U.S. Environmental Protection Agency Office of Water, March 2001

Kentucky Division of Water website: www.water.ky.gov

Kentucky Division of Water CWSRF website:

www.water.ky.gov/publicassistance/funding/CWSRF/

VIII. Kentucky Division of Water State Priority Watersheds (Attachment for Criterion #4)

	HUC	Watershed
1	05110001150	Bacon Creek
2	05100101290	Banklick
3	08010201050	Bayou de Chien
4	05140101250	Beargrass Creek (St. Matthews)
5	05090201130	Cabin Creek
6	06040006040	Clarks River
7	05130205260	Claylick Creek
8	05140205090	Clear Creek, near Madisonville
9	05130101330	Clear Fork
10	05130101055	Clover Fork
11	05130205290	Cumberland River, below Vicksburg
12	05100205190	Dix River: Clarks Run
13	05100205180	Dix River: Hanging Fork
14	05100205170	Dix River: Herrington Lake
15	05100205410	Eagle Creek
16	05130101350	Elk Fork Creek
17	05100101200	Fleming Creek
18	05140102190	Floyds Fork
19	05140102180	Floyds Fork
20	05110001130	Green River at Munfordville
21	05070202020	Jonican Branch near Fish Trap Lake
22	05130101450	Laurel River
23	05070203170	Levisa Fork near Louisa
24	05100101010	Licking River (headwaters)
25	05110005040	Long Falls
26	05130101340	Mud Creek
27	05100205020	Muddy Creek
28	05100201	North Fork Kentucky River
29	05110005110	Panther Creek, North Fork
30	05070203040	Prater Creek near Banner
31	05100204120	Red River Gorge
32	05130206090	Red River, at Oakville
33	05110004040	Rough River Lake
34	05130102090	Sinking Creek, of Rockcastle
35	05140104250	Sinking Creek at Hardinsburg
36	05100205270	South Elkhorn Creek
37	05100102030	Strodes Creek
38	05100102050	Townsend Creek
39	05140205050	Tradewater, below Dawson Springs